

BUENA VISTA COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009

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BUENA VISTA COUNTY

OFFICIALS

(Before January 2009)

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Lorna Burnside	Board of Supervisors	Jan. 2009
Herb Crampton	Board of Supervisors	Jan. 2009
Dale Arends	Board of Supervisors	Jan. 2011
Ken Hach	Board of Supervisors	Jan. 2011
Paul Merten	Board of Supervisors	Jan. 2011
Karen Strawn	County Auditor	Jan. 2009
Kathleen Bach	County Treasurer	Jan. 2011
Shari O'Bannon	County Recorder	Jan. 2011
Charles E. Eddy	County Sheriff	Jan. 2009
Dave Patton	County Attorney	Jan. 2011
Kathy Croker	County Assessor	Jan. 2010

(After January 2009)

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Dale Arends	Board of Supervisors	Jan. 2011
Ken Hach	Board of Supervisors	Jan. 2011
Paul Merten	Board of Supervisors	Jan. 2011
Don Altena	Board of Supervisors	Jan. 2013
Rhonda Ringgenberg	Board of Supervisors	Jan. 2013
Karen Strawn	County Auditor	Jan. 2013
Kathleen Bach	County Treasurer	Jan. 2011
Shari O'Bannon	County Recorder	Jan. 2011
Gary Launderville	County Sheriff	Jan. 2013
Dave Patton	County Attorney	Jan. 2011
Kathy Croker	County Assessor	Jan. 2010

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
RICHARD R. MOORE, C.P.A.
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
info@hpcocpa.com

INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Buena Vista County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

The financial statements referred to above do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds, which should be included in order to conform to U.S. generally accepted accounting principles. The amounts of such inventory are not determinable.

In our opinion, except for the omission of the materials and supplies inventory, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2010, on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 6 through 11 and 37 through 39 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista County's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the two year period ending June 30, 2003, (which are not presented herein) and expressed a qualified opinion on those financial statements because of the omission of general fixed assets and materials and supplies inventory. We also previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for each of the years in the five year period ending June 30, 2008 (none of which are presented herein), and expressed qualified opinions on those financial statements because the materials and supplies inventory was omitted. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

March 16, 2010

Hungelman, Putzier & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Buena Vista County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Buena Vista County's governmental fund revenues increased \$143,312 or 1.1%, from fiscal FY'08. Charges for services increased \$95,834, intergovernmental decreased \$428,389, penalty and interest on taxes increased \$8,684, property taxes increased \$771,853, (due to a valuation increase – levying at the same rate for FY'09 as FY'08) use of money and property decreased by \$85,114, and other general revenues decreased by \$219,556.
- Buena Vista County's governmental fund expenditures increased \$372,208 or 2.8% from FY'08, primarily in Public Safety and Government Services to Residents.
- Buena Vista County's net assets increased \$1,006,496, or approximately 6%, from June 30, 2008, to June 30, 2009, due to the completion of the new Law Enforcement Center construction, and new equipment.
- Buena Vista County increased budgeted property taxes for 2009 by \$721,900, an 11.2% increase. In FY'09, the valuation increased \$81 million. The total levy rate increase was .20683 or 2.8%. The additional taxes were for increased services in Public Safety and Government Services to Residents, and to provide adequate ending fund balances.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Buena Vista County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Buena Vista County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Buena Vista County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.
- Other Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three categories of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds is a statement of fiduciary assets and liabilities.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES - (Continued)

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS**Net Assets of Governmental Activities**

	June 30,	
	2009	2008
Current and other assets	\$ 15,213,818	\$ 14,182,540
Capital assets	<u>20,200,092</u>	<u>19,861,567</u>
Total assets	<u>35,413,910</u>	<u>34,044,107</u>
Long-term liabilities	8,896,897	9,253,901
Other liabilities	<u>8,632,517</u>	<u>7,912,206</u>
Total liabilities	<u>17,529,414</u>	<u>17,166,107</u>
Net assets		
Invested in capital assets, net of related debt	15,171,317	14,826,337
Restricted	4,345,709	4,610,551
Unrestricted	<u>(1,632,530)</u>	<u>(2,558,888)</u>
Total net assets	<u>\$ 17,884,496</u>	<u>\$ 16,878,000</u>

Changes in Net Assets of Governmental Activities

	Year Ended June 30,	
	2009	2008
Revenues:		
Program revenues:		
Charges for service	\$ 2,108,627	\$ 1,997,173
Operating grants, contributions, and restricted interest	4,109,900	4,459,409
Capital grants, contributions, and restricted interest	171,918	415,233
General revenues:		
Property tax	7,187,186	6,343,072
Penalty and interest on property tax	49,936	57,753
Local option sales tax	652,287	705,953
State tax credits	275,101	286,030
Grants and contributions not restricted to specific purposes	27,374	20,748
Unrestricted investment earnings	117,178	193,463
Other general revenues	<u>24,843</u>	<u>43,892</u>
Total revenues	<u>14,724,350</u>	<u>14,522,726</u>
Program expenses:		
Public safety and legal services	2,491,576	1,530,645
Physical health and social services	1,150,114	1,122,140
Mental health	1,370,997	1,431,725
County environment and education	657,037	655,540
Roads and transportation	4,186,793	3,475,049

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

	<u>Year Ended June 30,</u>	
	<u>2009</u>	<u>2008</u>
Governmental services to residents	\$ 623,276	\$ 566,025
Administration	2,306,650	2,252,111
Non-program	543,336	1,443,109
Interest on long-term debt	<u>388,075</u>	<u>413,482</u>
Total expenses	<u>13,717,854</u>	<u>12,889,826</u>
Increase in net assets	1,006,496	1,632,900
Net assets beginning of year, as restated	<u>16,878,000</u>	<u>15,245,100</u>
Net assets end of year	<u>\$ 17,884,496</u>	<u>\$ 16,878,000</u>

The cost of all governmental activities this year was \$13,717,854.

As noted earlier, net assets may serve over time as a useful indicator of financial position. Buena Vista County's net assets increased from \$16,878,000 to \$17,884,496. The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment).

INDIVIDUAL MAJOR FUND ANALYSIS

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of \$6,141,434, an increase of \$416,653 from FY'08's total of \$5,724,781.

- From FY'08 to FY'09, General Fund expenditures increased \$256,943, and revenues increased \$590,223. Also, the General Fund received the proceeds on long term debt, resulting in a increase in the ending fund balance.
- Mental Health Fund expenditures decreased \$48,956 and revenues decreased \$4,653 because the levy increased from 60% to 80% of the maximum. The ending fund balance increased \$146,754.
- Rural Services Fund expenditures decreased \$213,200, and revenues increased \$23,333. The ending fund balance increased \$71,675.
- Secondary Roads Fund expenditures increased \$1,266,777, and revenues decreased \$403,304. The ending fund balance decreased \$398,429.
- Debt Service Fund expenditures increased \$130,616 because following the retirement of the 2003 Capital Projects loan, and revenue increased \$158,671. The ending fund balance increased \$19,628.

BUDGETARY HIGHLIGHTS

During FY'09, Buena Vista County amended its budget three times. The first amendment, approved December 30, 2008, included grants to the Attorney & Veteran's Affairs, and changes to Secondary Roads due to re-allocation of resources.

The second amendment was approved April 28, 2009, and included increases in Public Safety (Sheriff, Jail, LEC maintenance), Attorney, and Conservation.

The third amendment, approved June 9, 2009 included a Public Health grant and re-allocation of Secondary Road resources.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, Buena Vista County had approximately \$24.72 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This is a net increase (including additions and deletions) of approximately \$953,000, or 3.8 percent over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 814	\$ 663
Construction in progress	374	186
Buildings and improvements	7,341	7,269
Equipment and vehicles	7,523	7,253
Infrastructure	9,667	9,395
Total	<u>\$ 25,719</u>	<u>\$ 24,766</u>

The County had depreciation expense of \$778,583 in FY'09 and total accumulated depreciation of \$5,519,292 at June 30, 2009.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long Term Debt

The County's FY'09 statutory debt limit was 5% of the assessed valuation, or \$56,404,423. At June 30, 2009, Buena Vista County had \$8,363,188 in outstanding general obligation bonds, or 14.8% of capacity. The County has a current Standard & Poor's rating of A+.

Other obligations include accrued vacation pay and compensatory time, and drainage district warrants. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

According to the Northwest Area Foundation, the 2008 population of Buena Vista County was estimated at 19,702 with an unemployment rate of 4.5% in December, 2009, compared to 6.7% for the state of Iowa. The most recent median household income adjusted for inflation was \$43,995 in 2008. The crime rate was 265/10,000 population compared to 289 in Iowa, and the violent crimes were 23 per 10,000 population compared to 28 in Iowa. The number of police officers was 1.3 per 1,000 population compared to 1.7 in Iowa.

A significant factor and the reason for an increase in taxes levied in the FY'10 budget was the need to restore reserves which were/are significantly depleted in FY'08 and FY'09, plus higher expenses associated with the LEC building and jail staffing. Additional election equipment was added to improve the election process.

The total levy rate for FY'11 is \$10.34274/thous., down \$.60065 from FY'10. The countywide rate decreased \$.67024/thous., and the rural basic rate is up \$.06959/thous.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Buena Vista County Auditor's Office, 215 E. 5th St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2009

Exhibit A

Governmental
Activities

ASSETS

Cash and pooled investments	\$ 6,397,676
Receivables (net of allowances for uncollectibles):	
Property tax:	
Delinquent	10,991
Succeeding year	7,827,913
Interest and penalty on property tax	2,294
Accounts	245,397
Accrued interest	9,821
Drainage assessments	139,128
Due from other governments	433,286
Prepaid expenses	147,312
Land	814,517
Construction in progress	374,001
Infrastructure, property and equipment, net of accumulated depreciation	19,011,574
Total assets	<u>35,413,910</u>

LIABILITIES

Accounts payable	388,907
Accrued interest payable	70,356
Salaries and benefits payable	118,132
Due to other governments	174,390
Deferred revenue:	
Succeeding year property tax	7,827,913
Other	52,819
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	914,774
Compensated absences	398,106
Portion due or payable after one year:	
General obligation bonds	7,211,419
Drainage warrants/drainage improvement certificates payable	372,598
Total liabilities	<u>17,529,414</u>

NET ASSETS

Invested in capital assets, net of related debt	15,171,317
Restricted for:	
Supplemental levy purposes	202,171
Secondary roads purposes	2,860,863
Debt service	67,195
Other purposes	1,215,480
Unrestricted (Note 16)	<u>(1,632,530)</u>
Total net assets	<u>\$ 17,884,496</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Exhibit B

Functions/Programs	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>	
Governmental activities:					
Public safety and legal services	\$ 2,491,576	\$ 440,533	\$ 91,406	\$ -	\$ (1,959,637)
Physical health and social services	1,150,114	455,181	427,666	-	(267,267)
Mental health	1,370,997	63,139	998,565	-	(309,293)
County environment and education	657,037	32,271	20,665	-	(604,101)
Roads and transportation	4,186,793	335,098	2,556,250	-	(1,295,445)
Governmental services to residents	623,276	498,977	9,488	122,084	7,273
Administration	2,306,650	129,053	4,586	-	(2,173,011)
Non-program	543,336	154,375	1,274	49,834	(337,853)
Interest on long-term debt	388,075	-	-	-	(388,075)
Total	<u>\$13,717,854</u>	<u>\$ 2,108,627</u>	<u>\$ 4,109,900</u>	<u>\$ 171,918</u>	<u>(7,327,409)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					5,994,964
Debt service					1,192,222
Penalty and interest on property tax					49,936
State tax credits					275,101
Local option sales tax					652,287
Grants and contributions not restricted to specific purposes					27,374
Unrestricted investment earnings					117,178
Miscellaneous					24,843
Total general revenues					<u>8,333,905</u>
Change in net assets					1,006,496
Net assets beginning of year					<u>16,878,000</u>
Net assets end of year					<u>\$ 17,884,496</u>

See notes to financial statements.

BUENA VISTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

Exhibit C

	<u>General</u>	<u>Special Revenue</u>				<u>Debt Service</u>	<u>Nonmajor</u>	<u>Total</u>
		<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>				
<u>ASSETS</u>								
Cash and pooled investments	\$ 1,469,510	\$ 745,626	\$ 181,970	\$3,064,543	\$ 84,506	\$ 604,529		\$ 6,150,684
Receivables:								
Property tax:								
Delinquent	21,275	1,939	2,390	-	4,564	-		30,168
Succeeding year	4,879,908	444,798	1,456,464	-	1,046,743	-		7,827,913
Interest and penalty on property tax	112,423	-	-	-	-	-		112,423
Accounts	40,059	381	19,428	69,801	-	29,540		159,209
Accrued interest	9,406	-	-	-	-	57		9,463
Drainage assessments	-	-	-	-	-	139,128		139,128
Due from other governments	126,271	27,907	40,423	209,507	-	29,178		433,286
Prepaid expenses	103,633	3,601	2,706	18,372	-	-		128,312
Total assets	<u>\$ 6,762,485</u>	<u>\$ 1,224,252</u>	<u>\$1,703,381</u>	<u>\$3,362,223</u>	<u>\$1,135,813</u>	<u>\$ 802,432</u>		<u>\$14,990,586</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 47,924	\$ 21,215	\$ 7,255	\$ 268,395	\$ -	\$ 20,365		\$ 365,154
Interest payable	-	-	-	-	-	43,149		43,149
Salaries and benefits payable	65,059	10,331	5,444	37,298	-	-		118,132
Due to other governments	5,543	165,961	144	2,742	-	-		174,390
Deferred revenue:								
Succeeding year property tax	4,879,908	444,798	1,456,464	-	1,046,743	-		7,827,913
Other	133,432	1,929	21,676	19,713	4,536	139,128		320,414
Total liabilities	<u>5,131,866</u>	<u>644,234</u>	<u>1,490,983</u>	<u>328,148</u>	<u>1,051,279</u>	<u>202,642</u>		<u>8,849,152</u>
Fund balances:								
Reserved for:								
Supplemental levy purposes	201,218	-	953	-	-	-		202,171
Prepays	103,633	3,601	2,706	18,372	-	-		128,312
Future expenditures	-	-	-	-	-	100,155		100,155
Unreserved, reported in:								
General fund	1,325,768	-	-	-	-	-		1,325,768
Special revenue funds	-	576,417	208,739	3,015,703	-	493,739		4,294,598
Debt service fund	-	-	-	-	84,534	-		84,534
Capital projects fund	-	-	-	-	-	5,896		5,896
Total fund balances	<u>1,630,619</u>	<u>580,018</u>	<u>212,398</u>	<u>3,034,075</u>	<u>84,534</u>	<u>599,790</u>		<u>6,141,434</u>
Total liabilities and fund balances	<u>\$ 6,762,485</u>	<u>\$ 1,224,252</u>	<u>\$1,703,381</u>	<u>\$3,362,223</u>	<u>\$1,135,813</u>	<u>\$ 802,432</u>		<u>\$14,990,586</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Exhibit D

Total governmental fund balances	\$ 6,141,434
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$25,719,384 and the accumulated depreciation is \$5,519,292.	20,200,092
Other long-term assets are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	371,759
The allowance for uncollectible accounts receivable is not reported in the governmental funds.	(129,306)
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	224,621
Long-term liabilities, including notes payable, accrued interest payable, compensated absences payable, and drainage warrants payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(8,924,104)</u>
Net assets of governmental activities	<u>\$ 17,884,496</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

Exhibit E

		Special Revenue					
	General	Mental Health	Rural Services	Secondary Roads	Debt Service	Nonmajor	Total
Revenues:							
Property and other County tax	\$ 4,186,343	\$ 511,145	\$1,556,401	\$ -	\$1,192,569	\$ 391,372	\$ 7,837,830
Interest and penalty on property tax	49,207	-	-	-	-	-	49,207
Intergovernmental	956,526	1,012,671	54,359	2,560,693	45,724	16,292	4,646,265
Licenses and permits	34,224	-	850	9,570	-	-	44,644
Charges for service	552,549	2,761	3,100	134,578	-	27,612	720,600
Use of money and property	141,621	-	4,700	-	415	11,770	158,506
Miscellaneous	13,844	100	1,200	10,935	-	51,006	77,085
Total revenues	<u>5,934,314</u>	<u>1,526,677</u>	<u>1,620,610</u>	<u>2,715,776</u>	<u>1,238,708</u>	<u>498,052</u>	<u>13,534,137</u>
Expenditures:							
Operating:							
Public safety and legal services	2,353,952	-	57,531	-	-	-	2,411,483
Physical health and social services	1,115,674	-	-	-	-	15,000	1,130,674
Mental health	-	1,379,923	-	-	-	-	1,379,923
County environment and education	300,984	-	319,453	4,583	-	-	625,020
Roads and transportation	4,994	-	-	4,314,142	-	-	4,319,136
Governmental services to residents	604,738	-	2,644	-	-	-	607,382
Administration	1,135,428	-	5,600	-	-	13,097	1,154,125
Non-program	21,525	-	-	-	-	127,774	149,299
Debt service	72,366	-	-	-	1,219,080	-	1,291,446
Capital projects	184,384	-	-	498,020	-	520	682,924
Total expenditures	<u>5,794,045</u>	<u>1,379,923</u>	<u>385,228</u>	<u>4,816,745</u>	<u>1,219,080</u>	<u>156,391</u>	<u>13,751,412</u>
Excess (deficiency) of revenues over expenditures	<u>140,269</u>	<u>146,754</u>	<u>1,235,382</u>	<u>(2,100,969)</u>	<u>19,628</u>	<u>341,661</u>	<u>(217,275)</u>
Other financing sources (uses):							
Sale of assets	4,576	-	-	1,740	-	-	6,316
Operating transfers in (out)	(113,955)	-	(1,163,707)	1,700,800	-	(423,138)	-
General obligation note proceeds	590,100	-	-	-	-	-	590,100
Drainage district warrants	-	-	-	-	-	37,512	37,512
Total other financing sources (uses)	<u>480,721</u>	<u>-</u>	<u>(1,163,707)</u>	<u>1,702,540</u>	<u>-</u>	<u>(385,626)</u>	<u>633,928</u>
Net change in fund balances	620,990	146,754	71,675	(398,429)	19,628	(43,965)	416,653
Fund balances, beginning of year	<u>1,009,629</u>	<u>433,264</u>	<u>140,723</u>	<u>3,432,504</u>	<u>64,906</u>	<u>643,755</u>	<u>5,724,781</u>
Fund balances, end of year	<u>\$ 1,630,619</u>	<u>\$ 580,018</u>	<u>\$ 212,398</u>	<u>\$ 3,034,075</u>	<u>\$ 84,534</u>	<u>\$ 599,790</u>	<u>\$ 6,141,434</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

Exhibit F

Net change in fund balances - Total governmental funds \$ 416,653

Amounts reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures while
 governmental activities report depreciation expense to allocate those
 expenditures over the life of the assets. Capital outlay expenditures and
 contributed capital assets exceeded depreciation expense in the current
 year as follows:

Expenditures for capital assets	\$ 1,115,263	
Capital assets contributed by the Iowa Department of Transportation	109,758	
Depreciation expense	<u>(778,583)</u>	446,438

In the Statement of Activities, the loss on the disposition of capital assets
 is reported whereas the governmental funds report the proceeds from the
 sale as an increase in financial resources. (107,913)

Because some revenues will not be collected for several months after the
 County's year end, they are not considered available revenues and are
 deferred in the governmental funds as follows:

Property tax	(259)	
Other	<u>(32,219)</u>	(32,478)

The increase in the allowance for uncollectible accounts receivable is not reported
 in the fund financial statements: 2,631

Proceeds from issuing long-term liabilities provide current financial
 resources to governmental funds, but issuing debt increases long-term
 liabilities in the Statement of Net Assets. Repayment of long-term
 liabilities is an expenditure in the governmental funds, but the repayment
 reduces long-term liabilities in the Statement of Net Assets. Current year
 repayments exceeded issues as follows:

Issued	(590,100)	
Repaid general obligation	945,560	
Repaid drainage district warrants	(37,512)	
Amortization of deferred charges	(21,324)	
Amortization of discount on long-term debt	<u>(4,003)</u>	292,621

Some expenses reported in the Statement of Activities do not require the
 use of current financial resources and, therefore, are not reported as
 expenditures in the governmental funds, as follows:

Compensated absences	(1,360)	
Interest on long-term debt	<u>1,730</u>	370

The Internal Service Fund is used by management to charge the costs of
 employee health benefits to individual funds. The change in net assets of
 the Internal Service Fund is reported with governmental activities. (11,826)

Change in net assets of governmental activities \$ 1,006,496

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

Exhibit G

Internal Service
Employee Group
Health

ASSETS

Cash and cash equivalents	\$ 246,992
Interest receivable	358
Prepaid expense	<u>86,300</u>
Total assets	<u>333,650</u>

LIABILITIES

Accounts payable	23,753
Deferred revenue	<u>85,276</u>
Total liabilities	<u>109,029</u>

NET ASSETS

Unrestricted	<u>\$ 224,621</u>
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See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

Exhibit H

Internal Service
Employee Group
Health

Operating revenues:

Reimbursements from operating funds

\$ 805,946

Reimbursements from employees

292,159

Total operating revenues

1,098,105

Operating expenses:

Medical claims and administrative fees

1,115,190

Operating loss

(17,085)

Non-operating revenues:

Interest income

5,259

Net loss

(11,826)

Net assets beginning of year

236,447

Net assets end of year

\$ 224,621

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2009

Exhibit I

Internal Service
Employee Group
Health

Cash flows from operating activities:

Cash received from operating fund reimbursements and employees	\$ 1,113,496
Cash payments for medical claims and administrative fees	<u>(1,107,335)</u>
Net cash provided by operating activities	6,161

Cash flows from investing activities:

Interest on investments	<u>5,338</u>
-------------------------	--------------

Net increase in cash and cash equivalents

11,499

Cash and cash equivalents, beginning of year

235,493

Cash and cash equivalents, end of year

\$ 246,992

Reconciliation of operating income to net cash
provided by operating activities:

Operating loss	\$ (17,085)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Decrease in accounts receivable	10,533
Increase in prepaid expense	(6,988)
Increase in accounts payable	14,843
Increase in deferred revenue	<u>4,858</u>

Net cash provided by operating activities

\$ 6,161

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2009

Exhibit J

ASSETS

Cash and pooled investments:

County Treasurer

\$ 1,415,550

Other County officials

65,576

Receivables:

Property tax:

Delinquent

94,043

Succeeding year

19,263,577

Accounts

31,143

Due from other governments

40,523

Total assets

20,910,412

LIABILITIES

Accounts payable

115,461

Salaries and benefits payable

192

Due to other governments

20,740,839

Trusts payable

53,920

Total liabilities

20,910,412

Net Assets

\$ -

See notes to financial statements.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) Summary of Significant Accounting Policies

Buena Vista County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Buena Vista County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Buena Vista County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred thirty-seven drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista County Auditor's office.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Buena Vista County Empowerment Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multi-county Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the main operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

The Debt Service Fund is utilized to account for the payment of interest and principal on the County's general long-term debt.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments, and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements, and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2007, assessed property valuations; is for the tax accrual period July 1, 2008, through June 30, 2009; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2008.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are payable but not yet due.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Prepays - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the Government-wide and fund financial statements on the consumption method.

Capital Assets - Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset life are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds, and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$65,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Building improvements	50
Infrastructure	65
Equipment	5-20
Vehicles	4-15

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of succeeding year property tax receivable, as well as delinquent property tax receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Net Assets - The net assets of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2009, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2009, are as follows:

<u>Type</u>	<u>Fair Value</u>
Drainage warrants	<u>\$ 464</u>

In addition, the County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$69,686 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk - The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk - The County places no limit on the amount that may be invested in any one issuer.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(3) Landfill Agreement

The County participates in an agreement with Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the county. Payments to that commission totaled \$164,492 during the year ended June 30, 2009.

The County has guaranteed closure and post-closure costs of the landfill as per Chapter 567-113.14(6f) of the Iowa Administrative Code. The total costs have been estimated at approximately \$85,151 and \$932,700, respectively. The landfill was closed September 30, 2008.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Secondary Roads	General	\$ 113,521
	Special Revenue:	
	Rural Services	1,163,707
	Local Option Secondary Roads	<u>423,572</u>
		<u>1,700,800</u>
Conservation Land Acquisition Trust	General	<u>434</u>
Total		<u>\$ 1,701,234</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 662,614	\$ 151,903	\$ -	\$ 814,517
Construction in progress	<u>186,378</u>	<u>187,623</u>	<u>-</u>	<u>374,001</u>
Total capital assets not being depreciated	<u>848,992</u>	<u>339,526</u>	<u>-</u>	<u>1,188,518</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(5) <u>Capital Assets - (Continued)</u>	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets being depreciated:				
Buildings	\$ 7,268,842	\$ 72,450	\$ -	\$ 7,341,292
Equipment and vehicles	7,253,566	541,161	(271,694)	7,523,033
Infrastructure	<u>9,394,657</u>	<u>271,884</u>	<u>-</u>	<u>9,666,541</u>
Total capital assets being depreciated	<u>23,917,065</u>	<u>885,495</u>	<u>(271,694)</u>	<u>24,530,866</u>
Less: accumulated depreciation for:				
Buildings	1,059,394	109,879	-	1,169,273
Equipment and vehicles	3,105,583	371,882	(163,781)	3,313,684
Infrastructure	<u>739,513</u>	<u>296,822</u>	<u>-</u>	<u>1,036,335</u>
Total accumulated depreciation	<u>4,904,490</u>	<u>778,583</u>	<u>(163,781)</u>	<u>5,519,292</u>
Total capital assets being depreciated, net	<u>19,012,575</u>	<u>106,912</u>	<u>(107,913)</u>	<u>19,011,574</u>
Governmental activities capital assets, net	<u>\$ 19,861,567</u>	<u>\$ 446,438</u>	<u>\$ (107,913)</u>	<u>\$ 20,200,092</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Public safety and legal services				\$ 125,252
Physical health and social services				14,024
Mental health				2,700
County environment and education				63,839
Roads and transportation				508,456
Governmental services to residents				14,252
Administration				<u>50,060</u>
Total depreciation expense - governmental activities				<u>\$ 778,583</u>

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 5,543
Special Revenue:		
Rural Services	Services	\$ 144
Secondary Roads		2,742
Mental Health		<u>165,961</u>
Total for governmental funds		<u>\$ 174,390</u>
Agency:		
County Assessor	Collections	\$ 987,457
Auto License and Use Tax		388,511
Community Colleges		760,451
Corporations		5,054,570

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(6) Due to Other Governments - (Continued)

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Agency (Continued):		
Schools	Collections	\$ 12,356,703
All other		<u>1,193,147</u>
Total for agency funds		<u>\$ 20,740,839</u>

(7) Special Revenue - Due From Other Governments

Included in this balance is \$19,286 which represents an unsecured promissory note due from the Buena Vista County Solid Waste Commission. This interest-free loan is due in annual installments of \$4,700 due August 1 each year until August 1, 2012, when the remaining principal balance shall be paid in full.

(8) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2009, is as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, end of year</u>	<u>Due within one year</u>
Drainage warrants/improvement certificates/drainage district deficit balances	\$ 335,085	\$ 37,513	\$ -	\$ 372,598	\$ -
General obligation bonds	8,774,492	600,000	1,011,304	8,363,188	914,774
Deferred charges on refinanced debt	(190,093)	21,324	-	(168,769)	-
Bond discount on LEC bonds	(62,329)	3,468	-	(58,861)	-
Bond discount on general obligation bonds	-	535	9,900	(9,365)	-
Compensated absences	396,746	1,360	-	398,106	398,106
Total	<u>\$ 9,253,901</u>	<u>\$ 664,200</u>	<u>\$ 1,021,204</u>	<u>\$ 8,896,897</u>	<u>\$ 1,312,880</u>

A. Bonds Payable

A summary of the County's June 30, 2009, general obligation bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	1.50-4.05%	\$ 914,774	\$ 326,065	\$ 1,240,839
2011	1.90-4.10	788,414	299,166	1,087,580
2012	2.10-4.15	790,000	273,957	1,063,957
2013	3.40-4.30	655,000	247,327	902,327
2014	3.50-4.25	605,000	222,827	827,827
2015-2019	3.625-4.50	2,465,000	760,275	3,225,275
2020-2024	4.55-4.70	1,460,000	373,549	1,833,549
2025-2026	4.75-4.80	685,000	49,513	734,513
Total		<u>\$ 8,363,188</u>	<u>\$ 2,552,679</u>	<u>\$ 10,915,867</u>

During the year ended June 30, 2009, the County issued \$600,000 in general obligation debt and retired \$1,011,304 of general obligation debt.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(8) Changes in Long-Term Liabilities - (Continued)

A. Bonds Payable - (Continued)

On September 1, 1997, Buena Vista County issued \$6,000,000 of general obligation bonds to pay for remodeling and construction at Buena Vista Regional Medical Center. The county has a property tax levy to pay the principal and interest on these bonds. During the year ended June 30, 2005, the County entered into an escrow agreement whereby the proceeds from general obligation refunding bonds were converted into U.S. Securities. These securities and additional cash were placed in an escrow account for the express purpose of paying the principal and interest on the refunded general obligation bonds as they become due. After the principal and interest on all of the outstanding bonds have been paid, the remaining funds in the escrow account, together with any interest thereon, shall be returned to the County. The transactions, balances, and liabilities of the escrow account are not recorded by the County. The refunded general obligation bonds were called to maturity by the County on September 1, 2007 and were paid by proceeds from the escrow account.

The reacquisition price exceeded the net carrying amount of the old debt by \$255,842. This amount has been netted against the new debt and is being amortized over the remaining life of the new debt issued, which is shorter than the life of the refunded debt. During the year ended June 30, 2009, \$21,324 of the deferred charges were amortized to interest expense.

B. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest paid to the bearer of the certificate upon receipt of the installment payment, plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue Fund solely from drainage assessments against benefited properties.

(9) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(9) Pension and Retirement Benefits - (Continued)

Most regular plan members are required to contribute 4.3% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007, were \$324,831, \$282,984, and \$265,036 respectively, equal to the required contributions for each year.

(10) Risk Management

Buena Vista County is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County assumes liability for any deductibles and claims in excess of coverage limitations.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2009, was \$805,946.

Amounts payable from the Employee Group Health Fund at June 30, 2009, total \$23,753, which is for reported but not paid claims. The reserve for catastrophic losses was \$224,621 at June 30, 2009, and is reported as a designation of the Employee Group Health Fund retained earnings. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement Number 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims at July 1, 2008	\$ 8,910
Incurred claims	1,122,178
Payment on claims during the fiscal year	<u>1,107,335</u>
Unpaid claims at June 30, 2009	<u>\$ 23,753</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(12) Jointly Governed Organization

Buena Vista County participates in a 3-County Empowerment Board, which includes Crawford and Sac Counties. This Board is a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. Financial transactions of this organization are included in the County's financial statements as an agency fund due to the County's fiduciary relationship with the organization. The following financial data is for the year ended June 30, 2009:

Additions:

Contributions from governmental units:

Family Steps State funding	\$ 788,364	
TANF grant	<u>97,665</u>	\$ 886,029
Miscellaneous reimbursements from private sources		760
Interest income		<u>7,211</u>
Total additions		894,000

Deductions:

Administration	70,591	
Home management services	396,874	
Preschool expansion project	171,680	
Early childhood mini-grants	11,430	
Childcare specialist	113,786	
Transportation	75,847	
Professional Development	71,598	
Other	<u>11,205</u>	<u>923,011</u>

Net (29,011)

Balance beginning of year 247,781

Balance end of year \$ 218,770

(13) Juvenile Detention Center

The County participates in the Northwest Iowa Multi-county Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the accrual basis, and the transactions of the Center are not included in the financial statements of the County. The Center's activity for the fiscal year ending June 30, 2009, which is the latest information available, is summarized as follows:

Net assets, beginning of year	\$ 537,390
Revenues	789,452
Expenses	<u>928,819</u>
Net assets, end of year	<u>\$ 398,023</u>

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

(14) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2009:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Costs Incurred As of 6-30-09</u>	<u>Remaining Commitment As of 6-30-09</u>
Comprehensive development plan	\$ 80,000	\$ 77,600	\$ 2,400
Bridge construction	438,069	77,865	360,204
	<u>\$ 518,069</u>	<u>\$ 155,465</u>	<u>\$ 362,604</u>

The balance remaining at June 30, 2009, will be paid as work on the projects progresses.

(15) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(16) Unrestricted Net Assets

As a result of debt which the County has issued for other governmental entities, the unrestricted net assets is a deficit balance of \$1,632,530 at June 30, 2009. If not for the remaining balance on the debt issued for the hospital, the unrestricted net assets at June 30, 2009, would reflect a surplus of \$1,378,701.

(17) Operating Lease

The County has one lease. The Human Services department leases a copy machine. Rental expense incurred for this lease was \$2,958 for the year ended June 30, 2009. Minimum amounts payable under the operating lease are as follows:

<u>Year ending June 30,</u>	
2010	\$ 2,958
2011	2,958
2012	<u>1,479</u>
Total minimum lease payments	<u>\$ 7,395</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
BUDGETARY COMPARISON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN BALANCES - BUDGET
AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

		Less Funds Not Required to be		Budgeted Amounts		Final to Net Variance
	<u>Actual</u>	<u>Budgeted</u>	<u>Net</u>	<u>Original</u>	<u>Final</u>	
Receipts:						
Property and other County tax	\$ 7,923,683	\$ -	\$ 7,923,683	\$ 7,750,850	\$ 7,837,746	\$ 85,937
Interest and penalty on property tax	49,261	-	49,261	41,000	42,200	7,061
Intergovernmental	4,742,319	-	4,742,319	4,760,972	4,632,840	109,479
Licenses and permits	38,247	-	38,247	35,512	39,590	(1,343)
Charges for service	675,951	-	675,951	556,680	562,448	113,503
Use of money and property	157,521	-	157,521	253,725	186,611	(29,090)
Miscellaneous	98,597	49,834	48,763	36,650	34,597	14,166
Total receipts	<u>13,685,579</u>	<u>49,834</u>	<u>13,635,745</u>	<u>13,435,389</u>	<u>13,336,032</u>	<u>299,713</u>
Disbursements:						
Public safety and legal services	2,436,798	-	2,436,798	2,473,890	2,757,181	320,383
Physical health and social services	1,128,645	-	1,128,645	1,216,919	1,244,419	115,774
Mental health	1,420,546	-	1,420,546	1,678,613	1,678,613	258,067
County environment and education	639,413	-	639,413	653,739	653,735	14,322
Roads and transportation	4,165,160	-	4,165,160	4,018,035	4,485,535	320,375
Governmental services to residents	610,863	-	610,863	605,567	615,567	4,704
Administration	1,159,434	-	1,159,434	1,241,248	1,162,098	2,664
Non-program	27,527	-	27,527	35,285	35,285	7,758
Debt service	1,291,446	-	1,291,446	1,312,087	1,312,087	20,641
Capital projects	862,357	90,895	771,462	1,469,350	1,693,120	921,658
Total disbursements	<u>13,742,189</u>	<u>90,895</u>	<u>13,651,294</u>	<u>14,704,733</u>	<u>15,637,640</u>	<u>1,986,346</u>
Deficiency of receipts over disbursements	(56,610)	(41,061)	(15,549)	(1,269,344)	(2,301,608)	(2,286,059)
Other financing sources, net	<u>634,017</u>	<u>37,512</u>	<u>596,505</u>	<u>143,500</u>	<u>602,170</u>	<u>(5,665)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	577,407	(3,549)	580,956	(1,125,844)	(1,699,438)	(2,280,394)
Balance beginning of year	<u>5,573,277</u>	<u>103,697</u>	<u>5,469,580</u>	<u>4,166,949</u>	<u>5,469,580</u>	<u>-</u>
Balance end of year	<u>\$ 6,150,684</u>	<u>\$ 100,148</u>	<u>\$ 6,050,536</u>	<u>\$ 3,041,105</u>	<u>\$ 3,770,142</u>	<u>\$(2,280,394)</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
BUDGETARY COMPARISON SCHEDULE-BUDGET
TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2009

	<u>Governmental Funds</u>		
	<u>Cash</u> <u>Basis</u>	<u>Accrual</u> <u>Adjustments</u>	<u>Modified</u> <u>Accrual</u> <u>Basis</u>
Revenues	\$13,685,579	\$(151,442)	\$13,534,137
Expenditures	<u>13,742,189</u>	<u>9,223</u>	<u>13,751,412</u>
Net	(56,610)	(160,665)	(217,275)
Other financing sources, net	634,017	(89)	633,928
Beginning fund balances	<u>5,573,277</u>	<u>151,504</u>	<u>5,724,781</u>
Ending fund balances	<u>\$ 6,150,684</u>	<u>\$ (9,250)</u>	<u>\$ 6,141,434</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING
JUNE 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$932,907. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

Schedule 1

	Special Revenue									
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	J.A. Buckingham Estate Trust	Newell Cemetery Trust	Capital Projects	Total
<u>ASSETS</u>										
Cash and pooled investments	\$ 267,520	\$ 13,602	\$ 42,635	\$ 36,960	\$ 100,148	\$ 122,784	\$ 13,052	\$ 1,947	\$ 5,881	\$ 604,529
Receivables:										
Accounts	29,142	341	-	-	-	57	-	-	-	29,540
Accrued interest	-	12	24	-	-	-	5	1	15	57
Drainage assessments	-	-	-	-	139,128	-	-	-	-	139,128
Due from other governments	29,142	-	-	36	-	-	-	-	-	29,178
Total assets	<u>\$ 325,804</u>	<u>\$ 13,955</u>	<u>\$ 42,659</u>	<u>\$ 36,996</u>	<u>\$ 239,276</u>	<u>\$ 122,841</u>	<u>\$ 13,057</u>	<u>\$ 1,948</u>	<u>\$ 5,896</u>	<u>\$ 802,432</u>
<u>LIABILITIES AND FUND BALANCES</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ 500	\$ 19,865	\$ -	\$ -	\$ -	\$ -	\$ 20,365
Interest payable	-	-	-	-	43,149	-	-	-	-	43,149
Deferred revenue	-	-	-	-	139,128	-	-	-	-	139,128
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>202,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,642</u>
Fund balances:										
Reserved for:										
Drainage warrants	-	-	-	-	(63,021)	-	-	-	-	(63,021)
Future expenditures	-	-	-	-	100,155	-	-	-	-	100,155
Unreserved	325,804	13,955	42,659	36,496	-	122,841	13,057	1,948	5,896	562,656
Total fund balances	<u>325,804</u>	<u>13,955</u>	<u>42,659</u>	<u>36,496</u>	<u>37,134</u>	<u>122,841</u>	<u>13,057</u>	<u>1,948</u>	<u>5,896</u>	<u>599,790</u>
Total liabilities and fund balances	<u>\$ 325,804</u>	<u>\$ 13,955</u>	<u>\$ 42,659</u>	<u>\$ 36,996</u>	<u>\$ 239,276</u>	<u>\$ 122,841</u>	<u>\$ 13,057</u>	<u>\$ 1,948</u>	<u>\$ 5,896</u>	<u>\$ 802,432</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 2

	Special Revenue									
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Drainage Districts	Conservation Land Acquisition	J.A. Buckingham Estate Trust	Newell Cemetery Trust	Capital Projects	Total
Revenues:										
Property and other County tax	\$ 391,372	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 391,372
Intergovernmental	-	-	11,130	-	-	5,162	-	-	-	16,292
Charges for services	-	3,919	-	15,333	-	8,360	-	-	-	27,612
Use of money and property	-	143	286	-	-	10,144	758	10	429	11,770
Miscellaneous	-	-	-	36	49,834	1,136	-	-	-	51,006
Total revenues	<u>391,372</u>	<u>4,062</u>	<u>11,416</u>	<u>15,369</u>	<u>49,834</u>	<u>24,802</u>	<u>758</u>	<u>10</u>	<u>429</u>	<u>498,052</u>
Expenditures:										
Operating:										
Physical health and social services	-	-	-	-	-	-	15,000	-	-	15,000
Administration	-	-	-	13,097	-	-	-	-	-	13,097
Non-program	-	5,808	-	-	115,083	6,883	-	-	-	127,774
Capital Projects	-	-	-	-	-	-	-	-	520	520
Total expenditures	<u>-</u>	<u>5,808</u>	<u>-</u>	<u>13,097</u>	<u>115,083</u>	<u>6,883</u>	<u>15,000</u>	<u>-</u>	<u>520</u>	<u>156,391</u>
Excess (deficiency) of revenues over expenditures	<u>391,372</u>	<u>(1,746)</u>	<u>11,416</u>	<u>2,272</u>	<u>(65,249)</u>	<u>17,919</u>	<u>(14,242)</u>	<u>10</u>	<u>(91)</u>	<u>341,661</u>
Other financing sources (uses):										
Operating transfers in (out)	(423,572)	-	-	-	-	434	-	-	-	(423,138)
Drainage district warrants	-	-	-	-	37,512	-	-	-	-	37,512
Total other financing sources (uses)	<u>(423,572)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,512</u>	<u>434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(385,626)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(32,200)</u>	<u>(1,746)</u>	<u>11,416</u>	<u>2,272</u>	<u>(27,737)</u>	<u>18,353</u>	<u>(14,242)</u>	<u>10</u>	<u>(91)</u>	<u>(43,965)</u>
Fund balances beginning of year	<u>358,004</u>	<u>15,701</u>	<u>31,243</u>	<u>34,224</u>	<u>64,871</u>	<u>104,488</u>	<u>27,299</u>	<u>1,938</u>	<u>5,987</u>	<u>643,755</u>
Fund balances end of year	<u>\$ 325,804</u>	<u>\$ 13,955</u>	<u>\$ 42,659</u>	<u>\$ 36,496</u>	<u>\$ 37,134</u>	<u>\$ 122,841</u>	<u>\$ 13,057</u>	<u>\$ 1,948</u>	<u>\$ 5,896</u>	<u>\$ 599,790</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS AND
AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2009

Schedule 3

	<u>County Offices</u>	<u>Agricultural Extension</u>	<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
<u>ASSETS</u>										
Cash and pooled investments:										
County Treasurer	\$ -	\$ 2,023	\$ 438,689	\$ 135,242	\$ 9,173	\$ 57,902	\$ 2,777	\$ 388,511	\$ 381,233	\$ 1,415,550
Other County officials	65,576	-	-	-	-	-	-	-	-	65,576
Receivables:										
Property tax:										
Delinquent	-	794	2,384	50,880	3,229	34,598	482	-	1,676	94,043
Succeeding year	-	182,116	546,850	12,170,581	748,049	4,962,070	270,695	-	383,216	19,263,577
Accounts	5,927	-	184	-	-	-	-	-	25,032	31,143
Special assessments	-	-	-	-	-	-	-	-	40,523	40,523
Total assets	<u>\$ 71,503</u>	<u>\$ 184,933</u>	<u>\$ 988,107</u>	<u>\$12,356,703</u>	<u>\$ 760,451</u>	<u>\$ 5,054,570</u>	<u>\$ 273,954</u>	<u>\$ 388,511</u>	<u>\$ 831,680</u>	<u>\$ 20,910,412</u>
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ 458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,003	\$ 115,461
Salaries & benefits payable	-	-	192	-	-	-	-	-	-	192
Due to other governments	32,171	184,933	987,457	12,356,703	760,451	5,054,570	273,954	388,511	702,089	20,740,839
Trusts payable	39,332	-	-	-	-	-	-	-	14,588	53,920
Total liabilities	<u>\$ 71,503</u>	<u>\$ 184,933</u>	<u>\$ 988,107</u>	<u>\$12,356,703</u>	<u>\$ 760,451</u>	<u>\$ 5,054,570</u>	<u>\$ 273,954</u>	<u>\$ 388,511</u>	<u>\$ 831,680</u>	<u>\$ 20,910,412</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES - AGENCY FUNDS
YEAR ENDED JUNE 30, 2009

Schedule 4

	<u>County Offices</u>	<u>Agricultural Extension</u>	<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
<u>ASSETS AND LIABILITIES</u>										
Balances beginning of year	\$ 65,752	\$ 178,843	\$ 1,006,738	\$ 11,791,700	\$ 798,493	\$ 4,404,210	\$ 261,831	\$ 371,160	\$ 839,573	\$ 19,718,300
Additions:										
Property and other county tax	-	181,918	546,193	12,157,063	749,066	4,942,930	270,540	-	382,706	19,230,416
E911 surcharge	-	-	-	-	-	-	-	-	142,601	142,601
State tax credits	-	6,821	20,916	447,840	30,644	165,309	9,653	-	14,723	695,906
Office fees and collections	643,253	-	3,670	-	-	-	-	-	102,547	749,470
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	4,600,348	-	4,600,348
Assessments	-	-	-	-	-	-	-	-	23,218	23,218
Trusts	571,452	-	-	-	-	-	-	-	916,884	1,488,336
Total additions	1,214,705	188,739	570,779	12,604,903	779,710	5,108,239	280,193	4,600,348	1,582,679	26,930,295
Deductions:										
Agency remittances:										
To other governments	640,647	182,649	589,410	12,039,900	817,752	4,457,879	268,070	4,582,997	651,819	24,231,123
Trusts paid out	568,307	-	-	-	-	-	-	-	938,753	1,507,060
Total deductions	1,208,954	182,649	589,410	12,039,900	817,752	4,457,879	268,070	4,582,997	1,590,572	25,738,183
Balances end of year	\$ 71,503	\$ 184,933	\$ 988,107	\$ 12,356,703	\$ 760,451	\$ 5,054,570	\$ 273,954	\$ 388,511	\$ 831,680	\$ 20,910,412

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY
FUNCTION - ALL GOVERNMENTAL FUNDS
FOR THE LAST EIGHT YEARS

Schedule 5

	Modified Accrual Basis							
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:								
Property and other county tax	\$ 7,837,830	\$ 7,065,977	\$ 6,648,612	\$ 6,577,364	\$ 6,388,682	\$ 6,136,029	\$ 4,697,645	\$ 4,337,449
Interest and penalty on property tax	49,207	40,523	43,470	46,464	34,702	39,269	31,434	29,995
Intergovernmental	4,646,265	5,074,654	4,998,520	5,072,950	6,021,929	5,401,544	4,388,110	4,382,573
Licenses and permits	44,644	51,864	29,037	27,696	32,782	27,954	26,003	26,467
Charges for service	720,600	624,766	600,836	625,239	673,495	586,418	503,889	441,771
Use of money and property	158,506	243,620	430,698	240,451	151,098	129,839	154,053	220,720
Miscellaneous	77,085	289,421	235,095	499,302	367,317	197,088	128,306	59,039
Total	<u>\$ 13,534,137</u>	<u>\$ 13,390,825</u>	<u>\$12,986,268</u>	<u>\$13,089,466</u>	<u>\$13,670,005</u>	<u>\$12,518,141</u>	<u>\$ 9,929,440</u>	<u>\$ 9,498,014</u>
Expenditures:								
Operating:								
Public safety and legal services	\$ 2,411,483	\$ 2,416,715	\$ 2,208,090	\$ 2,130,132	\$ 1,916,398	\$ 1,891,622	\$ 1,789,460	\$ 1,648,975
Physical health and social services	1,130,674	1,125,268	1,056,604	987,561	1,022,394	1,081,819	1,167,713	1,063,282
Mental health	1,379,923	1,428,879	1,496,631	1,407,028	1,255,061	1,170,050	1,126,253	1,236,325
County environment and education	625,020	609,120	607,830	642,349	493,960	460,508	471,973	467,927
Roads and transportation	4,319,136	3,170,235	3,622,293	4,492,826	3,051,873	3,298,592	2,725,349	2,654,654
Governmental services to residents	607,382	551,839	512,159	488,654	452,522	436,248	345,670	301,108
Administration	1,154,125	1,141,424	1,047,527	1,019,714	979,435	963,822	1,009,896	925,179
Non-program	149,299	564,050	1,961,898	1,151,855	2,138,420	1,158,653	213,401	85,869
Debt service	1,291,446	1,157,644	1,051,170	858,289	1,265,592	881,621	693,761	697,150
Capital projects	682,924	1,214,030	4,393,109	710,072	257,978	332,071	1,846,546	633,988
Total	<u>\$ 13,751,412</u>	<u>\$ 13,379,204</u>	<u>\$17,957,311</u>	<u>\$13,888,480</u>	<u>\$12,833,633</u>	<u>\$11,675,006</u>	<u>\$11,390,022</u>	<u>\$ 9,714,457</u>

See accompanying independent auditor's report.

HUNZELMAN, PUTZIER & CO., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
RICHARD R. MOORE, C.P.A.
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W.J. HUNZELMAN, C.P.A. 1921-1997

1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
info@hpcocpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Buena Vista County:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated March 16, 2010. Our report on the financial statements was qualified because the materials and supplies inventory was not included. Except as discussed in the preceding sentence, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buena Vista County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Buena Vista County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Buena Vista County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Buena Vista County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe all items are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2009, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Buena Vista County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Buena Vista County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of Buena Vista County and other parties to whom Buena Vista County may report, including federal awarding agencies and pass-through entities. This report is not intended to be, and should not be used by anyone other than these specified parties.

March 16, 2010

Hungelman, Putzier & Co.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

I-A-09 Segregation of Duties - During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the County's financial statements. We noted that generally one or two individuals in an office may have control over areas for which no compensating controls exist.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, each official should review the operating procedures of their office to obtain the maximum internal control possible under the circumstances. The official should utilize current personnel to provide additional control through review of financial transactions reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review. Following are controls which should be implemented whenever possible:

1. All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records.
2. Bank accounts should be reconciled promptly at the end of each month by an individual who does not sign checks, handle or record cash.
3. Checks or warrants should be signed by an individual who does not otherwise participate in the preparation of the checks or warrants. Prior to signing, the checks or warrants and the supporting documentation should be reviewed for propriety. After signing, the checks or warrants should be mailed without allowing them to return to individuals who prepare the checks or warrants, or approve vouchers for payment.

Response - To the degree possible in the various departments, incoming mail is opened, and checks and cash listed, by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, reviewing of warrant with original claim documentation, and handling of pretty cash.

Conclusion - Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part I: Findings Related to the Financial Statements: - (Continued)

SIGNIFICANT DEFICIENCIES - (Continued)

- I-B-09 Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventories are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response - At the current time, sufficient resources are not available to perform this inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management's need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion - Response accepted.

- I-C-09 Financial Reporting - We noted that while management is capable of preparing accurate financial statements that provide information sufficient to make management decisions, reporting financial data reliably in accordance with generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional GAAP knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response - Management has addressed this control risk by engaging you (our independent CPA), to prepare the financial statements, has appointed persons with sufficient knowledge to evaluate your preparation of the financial statements, and has reviewed and accepted the financial statements as you have prepared them. Outside preparation of the financial statements is more cost effective than preparing them in-house.

Conclusion - Response accepted.

- I-D-09 Disbursements Documentation - There were several credit card charges in the Sheriff's Department, the Mental Health Department, and at the County Extension office which were not supported by proper documentation. There were also invoices in the Secondary Road Department which were altered to agree to revised approved amounts.

Recommendation - All charges should be supported by original documentation which clearly indicates the date and purpose of the disbursement, and all invoices paid should be cancelled to prevent reuse.

Response - Management will discuss credit card policies with all Department Heads. Supervisors will deny all claims submitted without the proper documentation.

Conclusion - Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-09 Certified Budget - Disbursements during the year ended June 30, 2009, did not exceed the amounts budgeted.
- II-B-09 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-09 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.
- II-D-09 Business Transactions - No business transactions between the County and County officials or employees were noted.
- II-E-09 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- II-F-09 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain a list of claims and the purpose as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims and the purpose of the claim.

Response - Since we do not receive inquiries about this information, and in an attempt to manage the cost of publication, the Board of Supervisors has directed that a list of the claims paid should be published quarterly including the vendor and amount. More complete information is available by request.

Conclusion - Response accepted.

- II-G-09 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- II-H-09 Resource Enhancement and Protection Certification - The County has dedicated property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- II-I-09 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B. Disbursements during the year ended June 30, 2008, for the County Extension Office did not exceed the amount budgeted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2009

Part II: Other Findings Related to Required Statutory Reporting: - (Continued)

- II-J-09 Carryover of Compensatory Hours - Unused compensatory time for the buildings and grounds superintendent appears to be in excess of established policies as of June 30, 2009 by approximately 76 hours.

Recommendation - Unused compensatory hours should be monitored closely to determine that it is within County policy and legal guidelines.

Response - The Buildings/Ground Superintendent has submitted a plan to reduce his compensatory time.

Conclusion - Response accepted.

- II-K-09 Department Heads Vacation Carryover - The department head of E911 had approximately 349 hours of vacation due as of June 30, 2009. Although the County's policy allows the carryover of vacation with department head approval, this amount results in a current liability which may become a substantial payment at a future date.

Recommendation - To avoid a possible substantial payment in the future, the Board should consider eliminating some of this carryover through payments or paid time off.

Response - Significant changes in scheduled work hours have been made for the department head of E911. As of the current date, the department head has only 239 vacation hours accrued in spite of receiving and additional 180 hours in December on his anniversary date.

Conclusion - Response accepted.

- II-L-09 General Obligation Debt Payments - Principal and interest payments on general obligation debt issued for dredging purposes and E911 are not recorded in the Debt Service Fund.

Recommendation - All principal and interest payments on general obligation debt should be paid from the Debt Services Fund.

Response - Beginning July 1, 2010 payments of principal and interest on the dredge debt will be transferred from the General Fund to the Debt Service Fund. Since the final payment on the E911 debt will be made in early FY'11, the recommended change will not be made, and that project will end as it began.

Conclusion - Response accepted.